



Peak Demand Reduction Scheme

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IPART

Overview



Scheme participant compliance process for the PDRS for next year (2023)



New IT system to manage all scheme participant compliance processes from next year (2023)



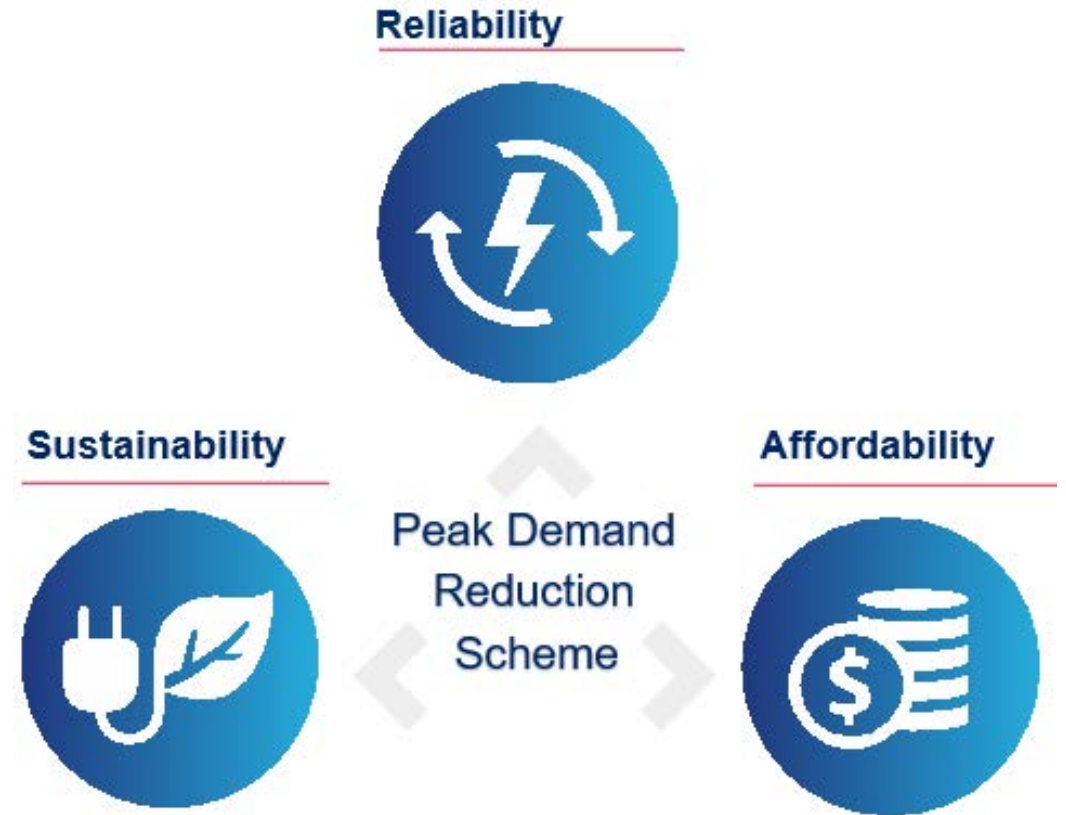
Questions



PDRS Compliance Process

What is the Peak Demand Reduction Scheme?

- Objective: to reduce peak demand between 2.30 and 8.30 pm AEST
- How? By incentivising activities that produce peak demand reduction capacity
- Capacity may be dispatched in the energy market via another mechanism
- Compliance period: 1 November to 31 March
- Starts 1 November 2022



Certificates

- Peak Reduction Certificates (PRCs) = 0.1 kW peak reduction capacity
- They have a life covering **three** compliance periods
- Vintage relates to the compliance period in which capacity is available
- Certificates can have one of five status types:
 - Active (tradable)
 - Dormant (future vintage and tradable)
 - Pending (requires verification, not tradable)
 - Surrendered
 - Expired (unsurrendered)

Safeguard
legislative
framework

Electricity Supply Act

Electricity Supply (General) Regulation
(PDRS component under development)

Peak Demand Reduction
Scheme Rule

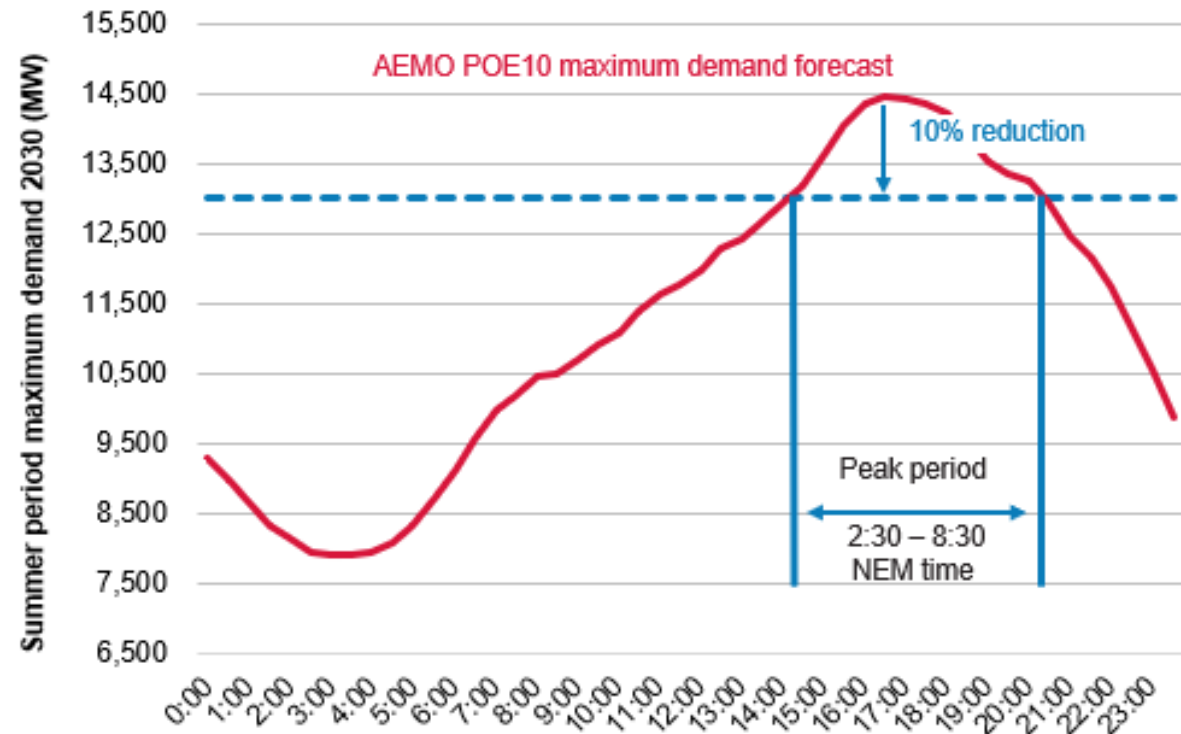
(under development)

Electricity Load Exemptions
Order

(under development)

Scheme Certificate Target (SCT)

- Set relative to forecast annual maximum demand published by AEMO
- Peak demand reduction targets start at 0.5% increasing to 10% in 2029/2030
- IPART to publish the Scheme Certificate Target on the website before 1 November 2022 for first compliance period



Scheme certificate target

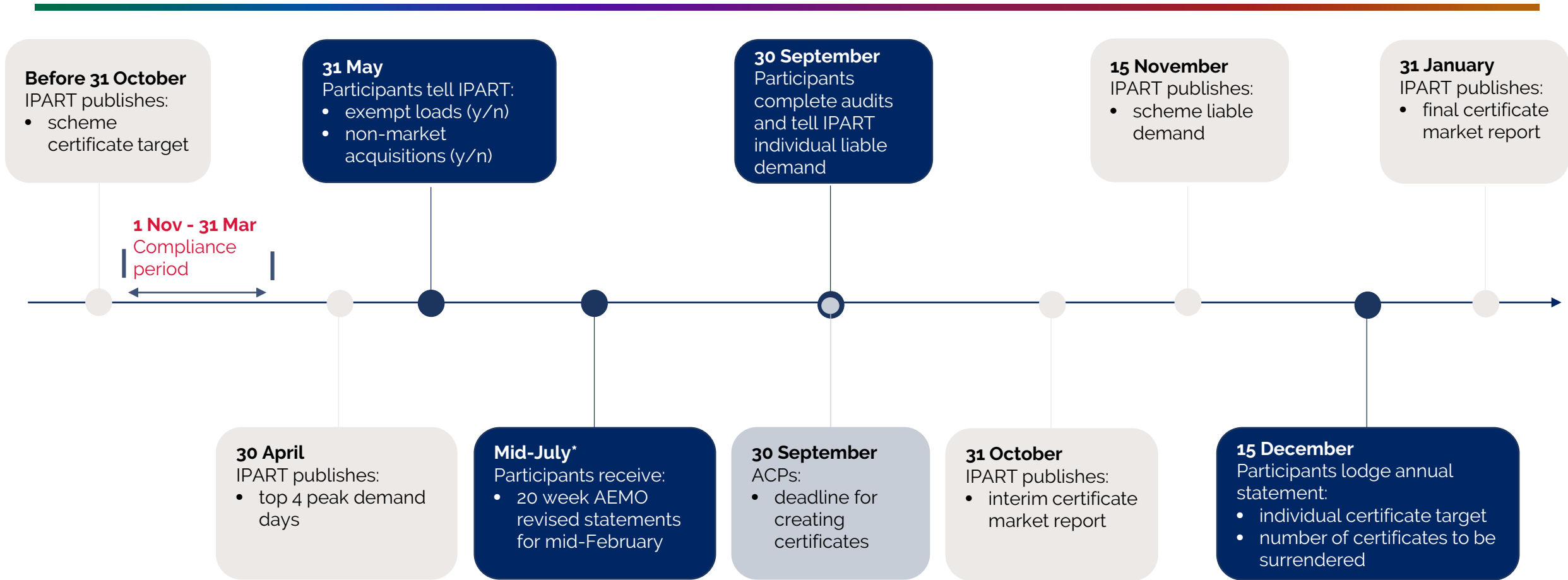
= forecast peak demand (MW) x peak demand reduction target x 10,000 x 6

Scheme liability and exemptions

- Scheme participants and exemptions will align with ESS
- Total liability will be related to the Scheme certificate target
- Scheme certificate target is allocated based on individual contributions to actual peak (kW) occurring
 - between 2:30 and 8:30 pm on
 - 4 highest demand days during compliance period



Liability timeline for one compliance period



IPART

Scheme Participant

ACP

* If any of the 4 highest demand days occur after mid-February, IPART can extend due dates for subsequent steps.

Individual liable demand

- Individual liable demand is calculated using demand on the four peak days between 2.30 and 8.30.
- It must take into account liable acquisitions (Market and non market acquisitions) and exemptions all expressed in MW.

$$\text{Individual liable demand} = \frac{\text{Liable acquisitions}}{4 \times n} \times 1000$$

Where n = number of hours in the peak demand reduction period

- Individual liable demand is expressed in kW
- SPs to inform Scheme Regulator of individual liable demand by **30 September 2023**

Scheme liable demand



- We need all individual liable demand to calculate Scheme Liable Demand.
- If a Scheme Participant doesn't provide the Individual Liable Demand a default assessment will be used to calculate it.
- Scheme Regulator will publish the Scheme Liable Demand on the website on **15 November 2023**
- **It can't be amended after it is published**
- Scheme liable demand is used by Scheme Participants to calculate Individual targets

Individual targets

$$= \textit{Scheme certificate target} \times \frac{\textit{Individual liable demand}}{\textit{Scheme liable demand}}$$

Meeting liabilities

- Similar process as for ESS
- Annual statement must include:
 - Individual certificate target
 - Shortfall penalty for previous compliance year including any shortfall penalty for a carried forward shortfall
 - Scheme penalty rate will be \$2.35 for 2022/2023 compliance year and will be indexed annually
 - Number of certificates to be surrendered
 - Election to carry forward a liability
 - 20% carry forward in year 1 of Scheme
 - 10% after year 1
- Annual statements may be amended. The regulations will provide more details on this process.



IT System

Introducing TESSA

TESSA: The Energy Security Safeguard Application



An integrated IT system

Replaces a number of existing systems

Includes all schemes (ESS & PDRS)

Easier for users

Includes certificate creation, online applications



Scheme Participant process will now be online for the first time

Key dates



Scheduled to go live in August 2022

Scheme Participants won't need to use until next year



We will run training sessions for Scheme Participants beginning in August 2022 to help you prepare



NB: dates may be subject to change

Questions

